HOUSE COMMITTEE ON THE BUDGET
Majority Caucus • Jim Nussle, Chairman

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Volume 2, No. 14

Summarizing budgetary issues in legislation scheduled for the House floor

14 May 2002

Week of 13 May 2002

## SUSPENSION CALENDAR

- 1) National Wildlife Refuge System Maintenance and Repair Act (H.R. 1370). This bill requires the Secretary of the Interior to include in any agreement that authorizes a person to use land or water in the National Wildlife Refuge System for accommodations, facilities, or services to visitors provisions that treat costs incurred by the person for maintenance or repair of property in the system as an offset to the amount required to be paid to the United States under the agreement. The bill makes offsetting receipts available to the Secretary, for expenditure without further appropriation, for increasing the quality of the visitor experience and enhancing the protection of resources. Under current law, these offsetting receipts (less than \$500,000 a year) are paid to local governments. The Congressional Budget Office [CBO] estimates that the bill has no net effect on the Federal budget.
- 2) **Nutria Eradication and Marshland Restoration** Act (H.R. 4044). This bill authorizes the Secretary of the Interior to provide financial assistance to the States of Maryland and Louisiana to eradicate nutria and restore marshland damaged by nutria. The bill authorizes \$30 million over the next 5 fiscal years for this program. It does not increase direct spending (spending not subject to annual appropriations) or decrease revenue.
- 3) Waco Mammoth Site Area Interior Study Act (H.R. 1925).
  This bill directs the Secretary of the Interior to carry out a special resource study and report within 3 years on the national significance, suitability, and feasibility of designating the Waco Mammoth Site Area in Waco, TX, as a national park. The bill does not increase direct spending or decrease revenues.
- 4) Regional Plant Genome and Gene Expression Research Act (H.R. 2051).

  This bill authorizes the National Science Foundation to make grants for establishing regional plant genome and gene expression research and development centers. The bill also authorizes the award of grants to establish research partnerships for supporting the development of plant biotechnology targeted to the needs of the developing world. The bill authorizes \$36 million for the current and next 2 fiscal years for these purposes. The bill does not increase direct spending or decrease revenue.

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PLEASE NOTE: This document addresses budgetary issues only. It should not be taken to express support or opposition on any other grounds. A green flag indicates no serious budgetary or budget compliance concerns. A yellow flag indicates moderate or potential problems. A red flag indicates serious problems. Note: Floor schedules and legislative details are subject to change after publication.

This document was prepared by the majority staff of the House Committee on the Budget. It has not been approved by the full committee and may not reflect the views of all the committee's members.

5) Recognizing the American Society of Civil Engineers for Reaching its 150<sup>th</sup>
Anniversary and for the Many Vital Contributions of Civil Engineers to the Quality
of Life of Our Nation's People Including the Research and Development Projects That Have Led to
the Physical Infrastructure of Modern America (H.Con Res. 387).
This resolution has no budgetary implications.

## 6) To Prohibit Members of the Armed Forces in Saudi Arabia from Being Required or Formally or Informally Compelled to Wear the Abaya Garment.

At the time of publication, the Budget Committee did not have legislative text for this bill. Nevertheless, the bill is not expected to increase direct spending or reduce revenues. CBO's initial assessment is that the bill may generate a savings if the garments are not purchased through the use of appropriated funds. This bill is not expected to violate the Congressional Budget Act.

7) *Highway Funding Restoration Act* (H.R. 3694). Under the Transportation Efficiency Act for the 21<sup>st</sup>

Century [TEA-21], spending from the Highway Trust Fund is tied to revenue flowing into the trust fund. Under current law, the Office of Management and Budget [OMB] is required periodically to adjust the possible spending levels through updated projections of actual and estimated receipts. Due to lower receipts into the Highway Trust Fund, OMB has calculated a reduction of almost \$4.4 billion for fiscal year 2003 relative to TEA-21 levels. H.R. 3694 sets this annual adjustment to zero. By doing so, H.R. 3694 effectively increases obligation limits for highway spending by \$4.4 billion, assuming subsequent appropriation action to set the obligation limits at those specified in TEA-21. The bill also amends the outlay cap in the highway category of discretionary spending to reflect this increase in spending.

Because further action is required by the Appropriations Committee for these additional funds to be spent, this bill will not directly affect spending or revenue. The bill does, however, amend the Balanced Budget and Emergency Deficit Control Act of 1985, which is in the jurisdiction of the Budget Committee. Therefore the bill violates section 306 of the Budget Act, which prohibits the consideration of bills within the Budget Committee's jurisdiction, unless the Budget Committee has reported the legislation or has been discharged from consideration. The Chairmen of the Transportation Committee and the Budget Committee exchanged letters to clarify that the Budget Committee retains jurisdiction over the Deficit Control Act. The Budget Resolution passed on 20 March 2002 (H.Con.Res. 353), though currently not in force, specifically accommodated the revised highway spending levels resulting from this bill.

8) Social Security Benefit Enhancements for Women Act of 2002 (H.R. 4069). This legislation repeals the 7-year restriction on Social Security eligibility for widow's and widower's insurance benefits based on disability. It also waives the 2-year waiting period for a divorced spouse's benefits when the other spouse remarries. Finally, it changes current law by disregarding any month ending with or after the death of an individual in applying early retirement rules for the limitation on widow's and widower's benefits. The bill has both on-budget and off-budget implications.

As amended, H.R. 4069 increases budget authority [BA] by \$63 million in fiscal year 2003, reflecting an off-budget increase of \$71 million and on-budget savings of \$8 million. Over 5 years, it increases total BA by \$1.0 billion – \$118 million on budget and \$919 million off budget. The bill increases revenue by \$30 million in fiscal year 2002, \$106 million in fiscal year 2003, and \$1.3 billion over 5 years.

The bill provides for a net reduction in the deficit of \$30 million in fiscal year 2002, \$43 million in fiscal year 2003, and \$232 million over 5 years.

The revised bill is generally consistent with the House-passed budget resolution for fiscal year 2003. If a conference report had been agreed to based on the House-passed levels, no budget-related point of order would lie against the bill. The increase in budget authority is both within the 302(a) allocation of the

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Committee on Ways and Means and fully offset with an increase in revenue as is permitted under the Budget Act.

The bill is inconsistent, however, with the fiscal year 2002 budget resolution, which is currently in effect, because the Senate has not considered a budget resolution and the House has vet to adopt a resolution deeming the House-passed budget resolution an interim conference report. (If the bill had been reported by the Committee on Ways and Means, it would have violated the Congressional Budget Act.)

The legislation, as introduced, is inconsistent with Section 13302 of the Budget Enforcement Act, but on a unified basis does not exacerbate the unified deficit. In addition, the Chief Actuary of the Social Security Administration has indicated that the bill will have a negligible impact on the long-term actuarial balance of the Social Security Trust Funds.

## **LEGISLATION CONSIDERED UNDER A RULE**

Bill: Reauthorization of the 1996 Welfare Reform Law (H.R. 4700).

Committee: Ways and Means, Energy and Commerce, and Education and

the Workforce

**Summary:** H.R. 4700 reauthorizes the Government's welfare programs, including the Temporary

> Assistance to Needy Families block grant, the Child Care and Development block grant, and the Child Care Entitlement to States, as well as the Child Support Enforcement Program. The bill generally maintains the policies of the 1996 welfare reform law. It does expand the number of hours welfare recipients must engage in work activities to remain eligible for benefits. It also increases the share of Federal dollars passed through to custodial parents under the Child Support Enforcement Program, and provides incentives for States to increase their pass-through amounts. It adds \$4 billion in new funding for child care - of which \$3 billion is a discretionary authorization, and the remainder is mandatory spending. The new mandatory spending is offset by revenue provisions.

Cost: The net discretionary spending increase relative to current law is \$2.458 billion in budget

authority during 2003-2007. Discretionary spending requires subsequent action by the Appropriations Committee for the funds to be distributed. The majority of this increase is the new authorization level for the Child Care and Development Block Grant. The net increase in mandatory spending is \$2.360 billion in budget authority over 5 years. Mandatory spending does not require further action by Congress. This mandatory spending increase includes funding for new family formation initiatives, increased child care funding, and greater pass-through of child support collections to custodial parents. A revenue provision offsets some of the increase in direct spending by raising \$1.1 billion in 2007. This item excludes from gross income interest that is paid by the Internal Revenue Service to individual taxpayers on overpayments of Federal income tax. This provision was also included in the Tax Relief Guarantee Act of 2002 - passed by the House in April

- which made the President's tax relief permanent.

**Budget Act:** Under the budget resolution currently in force, this legislation will not violate the

> Congressional Budget Act. The Budget Act applies only to reported bills and H.R. 4700, in its current form, has not been reported by any committee. The Committee on Ways and Means and the Committee on Energy and Commerce have principal jurisdiction over the matters addressed by this legislation. Relative to the budget resolution currently in force. neither has any room in its allocation; hence, were this a reported measure, it would likely violate section 302(f) of the Congressional Budget Act, which prohibits legislation that would breach a committee's allocation in the 1<sup>st</sup> year and over the 5-year period. It would also violate section 303 of the Budget Act, because it includes provisions that first become effective in fiscal year 2003 – a year for which no budget resolution conference

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report has been passed. If, however, the budget resolution passed by the House on 20 March 2002 (H.Con.Res. 353) were deemed to be in force, these points of order likely would not apply.

Bill: Encouraging Work and Supporting Marriage Act of 2002 (H.R. 4626).

Committee:

Ways and Means

**Summary:** This bill accelerates the phase-in of tax relief for those subject to the marriage penalty.

The bill: increases the standard deduction, for married couples filing jointly, from 167 percent of the deduction for a single filer to 170 percent in 2003 and 2004; and then raises it to 174 percent in 2005. The bill also combines the existing work opportunity and welfare-to-work tax credits for employers hiring people from certain high-risk certain

aroups.

Cost:

The bill will cause a revenue loss of \$907 million in fiscal years 2003-2007.

Budget Act: Under the budget resolution currently in force, this bill would be subject to section 311 of

the Budget Act, which prohibits bills from being considered that cause revenue to be below that provided for in the budget resolution. It would also be subject to a point of order under Section 303(a) of the Budget Act because it contains provisions that first become effective in fiscal year 2003. Section 303(a) prohibits legislation that has budget effects in a year for which a budget resolution has yet to be passed. If, however, the budget resolution passed by the House on 20 March 2002 (H.Con.Res. 353) were deemed to be in force, the bill would be fully compliant with the Budget Act. Because H.Con.Res. 353 specifically provided for reductions in revenue both in fiscal year 2003 and over the 5-year

period, it could easily accommodate this legislation.

Bill: Afghanistan Freedom Support Act of 2002 (H.R. 3994).

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Committee: Summary:

International Relations

This bill authorizes the President to provide assistance for Afghanistan through 2004 for: 1) urgent humanitarian needs; 2) repatriation and resettlement of refugees and internally displaced persons; 3) counternarcotics efforts; 4) reestablishment of food security, rehabilitation of agriculture, improvement in health conditions, and reconstruction of basic infrastructure; 5) reestablishment of Afghanistan as a viable nation-state through support for democratic and market-based institutions; and 6) support for establishing a market economy, private financial institutions, a telecommunications infrastructure, and trade and commercial links. The bill expresses the sense of Congress that, during the transition to fully representative government, the U.S. should support: 1) the development of a civilian-controlled and centrally governed Afghan army that respects human rights; 2) the creation and training of a professional civilian police force that respects human rights; and

3) a multinational security force in Afghanistan. The bill authorizes the President to provide and direct the drawdown of defense articles and services and military education to the Government of Afghanistan; makes other foreign countries or international

organizations eligible for such assistance; and permits the provision of counter-narcotics,

crime control, police training services, and other specified support.

**Cost:** According to CBO, this bill would authorize the appropriation of \$1.05 billion for

humanitarian and economic assistance over the 2002-2005 period, and an indefinite amount for military assistance. CBO estimates implementing H.R. 3994 would cost \$1.2 billion over the 2002-2007 period, assuming appropriation of necessary funds. This estimate assumes the amounts authorized for 2002 would be provided in a supplemental

appropriation. This bill would not affect direct spending or receipts.

**Budget Act:** The bill does not violate the Congressional Budget Act.

Prepared by ...... The House Committee on the Budget

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